



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 625-2249

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

November 9, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

ADOPTION OF A RATE ORDINANCE ESTABLISHING FEE AND CHARGE RATES FOR THE CALABASAS LANDFILL REFUSE DISPOSAL FACILITY (THIRD DISTRICT - 3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Adopt the Ordinance establishing fee and charge rates at the Calabasas Landfill refuse disposal facility, effective as of January 1, 2007.
2. Find that these actions are statutorily exempt under the California Environmental Quality Act as discussed herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the above recommendations will authorize an increase to the existing fee and charge rates prescribed for waste disposal at the County-owned Calabasas Landfill (the "Landfill"). Based on advice and information from the Sanitation Districts of Los Angeles County, it is proposed that the total rate charged for the disposal of municipal solid and inert waste (the WSW Rate") at the Landfill be raised from \$31.17 per ton to \$33.38 per ton, effective January 1, 2007. This change to the fee structure is necessary in order to meet the operating needs of the Landfill and to ensure that revenues remain sufficient to fund principal and interest payments on the Landfill's outstanding debt obligations.

The County's authority to set rates at the Landfill was established in connection with the sale of \$38,475,000 in Bonds (defined below) to fund essential capital projects at the Landfill. These Bonds were authorized by your Board on November 22, 2005, and

then sold on January 5, 2006. Prior to this sale, the rate-setting authority at the Landfill was transferred from County Sanitation District No. 2 of Los Angeles County (the "District") to the County. The District has retained its role as operator of the Landfill and continues to oversee the day-to-day management of the facility. The rates proposed for January 1, 2007 are the result of extensive consultation between staff from the District and my office. As the operator of this Landfill, the District has provided my office with detailed financial information regarding Landfill operations and the feasibility of raising rates at this location. The fees and charge rates established by the attached Ordinance are those recommended by the District and will support the ongoing operation, maintenance, capital expenditures, and debt service associated with the Landfill for calendar year 2007. For additional background regarding the District's role in advising the County, a letter from their Chief Engineer and General Manager to their Board of Directors regarding "Solid Waste Management Facilities Rates" is attached as Exhibit A.

Implementation of Strategic Plan Goals

This action supports the County of Los Angeles Strategic Plan goal of Fiscal Responsibility by ensuring the timely repayment of outstanding bond obligations. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions between the County and other local jurisdictions, including the Sanitation Districts of Los Angeles County.

FISCAL IMPACT/FINANCING

The proposed rate structure for the Landfill has been established such that the annual debt service on the Bonds will not exceed the projected net revenues of the Landfill. A detailed analysis of future landfill operations indicates that a \$2.21/ton increase to the MSW Rate, effective January 1, 2007, will be sufficient to meet the debt service requirements of the Bonds for calendar year 2007. To the extent that such forecasts prove inaccurate and net revenues from the landfill are insufficient to pay the debt obligations, the County has covenanted in a sublease associated with the Bonds to pay the required debt service from any source of legally available funds, including the County General Fund.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

The Calabasas Landfill Project

On January 5, 2006, the Los Angeles County Public Works Financing Authority issued \$38,475,000 in lease revenue bonds (the "Bonds") in order to finance essential capital improvement projects at the Landfill. These projects are necessary to maintain

compliance with statutory regulations and to provide for the continued operation of the Landfill. The sale of the Bonds provided near-term funding to prepare the remaining undeveloped areas of the Landfill for future refuse disposal operations. As authorized by your Board, the Bonds were structured as a lease revenue transaction whereby the County agreed to pay any debt service obligation that could not be funded by revenues of the Landfill. To mitigate against the possibility that the County would have to pay some or all of any debt service payment, the County and the District agreed that future charge rates at the Landfill would require the specific approval of your Board. In previous years, the District was not obligated to consult with the County regarding rate increases and needed only to obtain the approval of their Board of Directors.

Landfill Operations

The operation of the Landfill is governed by an Amended Joint Powers Agreement between the County and the District, dated April 1, 1966 (the "Agreement"). The Fourth Amendment to this Agreement was approved by your Board on December 5, 2005 and provided that "prices" to be charged for the disposal of refuse at the Landfill are to be determined by the County "after consultation with and advisement by the District." The Fourth Amendment specifically requires that "prices" be established such that net revenues from the landfill will be sufficient to meet the debt service requirements of the Bonds. The ongoing operation of the Landfill, including the management of capital projects funded by the Bonds, is unaffected by the Fourth Amendment and remains the responsibility of the District.

Historical Rate Increases

The proposed change to the fee and charge rates at the Landfill represents the sixth such increase to occur within the prior five years. A summary of these rate increases is provided in the table below:

TYPES OF WASTE	7/1/02	11/1/03	4/1/05	7/1/05	1/1/06	1/1/07
Municipal Solid and Inert Waste	\$25.25	\$26.35	\$28.57	\$29.67	\$31.17	\$33.38
Hard to Handle Bulk Items	31.30	32.40	35.72	36.82	38.32	40.53
Tires	44.50	45.60	52.77	53.87	59.77	66.38
Special Handling	39.00	40.10	42.32	43.42	44.92	47.13
Minimum Charge (small items)	24.00	25.25	27.50	28.00	29.50	31.75
Pull-Offs (unloading charge)	25.85	25.85	27.50	27.50	27.50	27.50

Of the six rate categories referenced above, the MSW Rate is by far the most significant in that approximately eighty-five percent (85%) of all revenues at the Landfill result from the disposal of Municipal Solid and Inert Waste. The proposed \$2.21 per ton increase to the MSW Rate is comprised of \$2.00 per ton for the capital, operating and debt service needs of the Landfill, \$0.20 per ton for the Business License Tax and \$0.01 per ton for increases in regulatory fees. The \$6.61 per ton increase to the Tires disposal rate is recommended to help offset the dramatically increased cost of managing tires. Any charge rates not specifically referenced above, or in the attached Ordinance, will be determined by the operator of the Landfill at the time of disposal. Such rate categories have been reviewed by my office and do not have a material impact on the revenues of the Landfill.

Negative Declaration/Environmental Impact Report

Your Board's adoption of the proposed Ordinance is statutorily exempt from the provisions of the California Environmental Quality Act ("CEQA") pursuant to Section 15273 of the State CEQA Guidelines for Implementation. CEQA provides for an exemption from environmental review for specific activities that are deemed not to have a significant impact on the environment. The attached Ordinance meets this exemption given that the proposed modifications apply to solid waste disposal rates that generate monies for meeting operating expenses, equipment purchases and capital projects necessary to maintain services within an existing service area.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

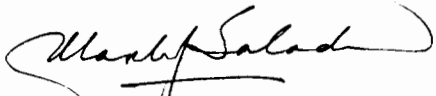
Adoption of the proposed Ordinance will provide for the timely payment of debt service obligations associated with the Landfill and will allow for the continued operation of this facility.

The Honorable Board of Supervisors
November 9, 2006
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CONCLUSION

Upon adoption of the Ordinance, the Department will require two stamped copies of the Board letter and two certified copies of the Minute Order.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", written over a horizontal line.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB
Calabasas Landfill_BOS Letter_1100906

Attachment

c: Chief Administrative Officer
County Counsel
Auditor-Controller
County Sanitation Districts



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

1955 Workman Mill Road, Whittier, CA 90601-1400
 Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998
 Telephone: (562) 699-7411, FAX: (562) 699-5422
 www.lacsd.org

JAMES F. STAHL
 Chief Engineer and General Manager

October 11, 2006

Boards of Directors
 County Sanitation Districts
 of Los Angeles County

Dear Directors:

Solid Waste Management Facilities Rates

The need for solid waste facilities rate increases has been discussed with all Directors at recent meetings of the Boards. A review of this information, together with additional details, relating to all of the proposed existing rates is provided below. District No. 2, acting in its capacity as the administrative District for the Districts' solid waste management responsibilities, will have on its agenda for the October 25, 2006 Board of Directors meeting an item regarding solid waste disposal rates for the Scholl Canyon Landfill. A proposed ordinance, with new rates to become effective January 1, 2007, is attached for your review. Rates for facilities in the Districts' Solid Waste Management System are established by an existing three-year ordinance which will increase rates effective January 1, 2007. In addition, it should be noted that the County of Los Angeles is now responsible for setting rates at the Calabasas Landfill. It is anticipated that the County, in the near future, will adopt an ordinance to establish new rates to become effective on, or around, January 1, 2007.

Scholl Canyon Landfill

The Scholl Canyon Landfill is part of the County's Solid Waste Management System, owned approximately 90% by the City of Glendale and 10% by the County of Los Angeles. The landfill is operated by the Districts pursuant to an agreement with Glendale and Los Angeles. By ordinance, Glendale established, as of December 28, 1987, a watershed that limits access to the facility to the cities of Glendale, La Cañada Flintridge, Pasadena, San Marino, Sierra Madre, South Pasadena, and the unincorporated communities of Altadena, La Crescenta, Montrose, and East Pasadena. Collectively, Glendale, the County, and the State of California impose fees and taxes such that only approximately 48% of the landfill revenue generated from disposal fees is retained by the Districts to pay for the operation, maintenance, and capital costs of the Scholl Canyon Landfill.

Due to increased operating and capital costs, it is recommended that the Municipal Solid and Inert Waste Rate be increased from the current rate of \$33.77 per ton to \$36.93 per ton, effective January 1, 2007. The increase of \$3.16 per ton is comprised of \$1.50 per ton for capital and operating expenses, \$1.00 per ton for the lease payment to Glendale (based on gross receipts), \$0.64 per ton for Glendale's host fee, and \$0.02 per ton for recent increases in the County Department of Health Services' Regulatory

Fee. Related increases in the other rate categories are also recommended. In addition to the basic rate increase, it is recommended that the rate for tires at the Scholl Canyon Landfill be increased by an additional \$5.00 per ton (which includes Glendale's lease and host fees) as part of the program to gradually offset increased operating costs for managing tires.

Districts' Solid Waste Management System Facilities

The rates at the Puente Hills Landfill, the Puente Hills Materials Recovery Facility (MRF), the South Gate Transfer Station, and the Downey Area Recycling and Transfer (DART) Facility will increase on January 1, 2007, as provided for in the existing rate ordinance approved by the Board on September 22, 2004. The establishment of the rates for these facilities at that time included annual increases for three years, starting January 1, 2005, and was tied to the Districts' development at the Puente Hills Landfill and Materials Recovery Facility of the cost transition program to remote disposal. As discussed on numerous occasions with the Boards, the Districts are in the process of developing the required infrastructure for transporting waste by rail to the Mesquite Regional Landfill. In order to have a smooth transition and to avoid sudden large increases in the tipping fees associated with the implementation of remote disposal, a cost transition program including the designation of a cost transition fund was developed. This program involves the dedication of various funds and revenues into the cost transition fund, and includes regular annual increases to the tipping fees at the Puente Hills Landfill. The cost transition fund is accumulating monies necessary to ensure that a fully operational remote disposal system is in place with a tipping fee that is competitive, given the higher cost of the new remote disposal system. In addition, as part of the increases provided for in the existing ordinance, the tire rate at the Puente Hills Landfill is being gradually increased to offset increased operating costs for managing tires. The current and new rates are shown on the attached rate schedule.

Section 10 of the current rate ordinance allows the Chief Engineer and General Manager to increase rates as necessary to collect additional regulatory fees without amending the ordinance. As the County Department of Health Services has raised its Regulatory Service Fee by \$0.01 per ton, the rates shown on the attached table have been adjusted to reflect this increase.

The Districts are participants in the Southeast Resource Recovery Facility (SERRF) and have rate-setting authority for the facility as provided for in the Joint Powers Agreement with the City of Long Beach. Approximately 60% of the waste delivered to SERRF originates from the cities of Long Beach and Lakewood pursuant to agreements that establish the rates. The remaining waste delivered to the facility pays the posted rate and generally is brought to the facility to take advantage of AB 939 diversion credits. The maximum rates for the facility are established by ordinance and the Chief Engineer and General Manager has authority to direct the city to set actual rates at a level at or below the maximum rates. The City has recommended that, effective, January 1, 2007, the posted rate for refuse be increased from \$42.00 per ton to \$45.00 per ton to reflect increased costs and the reasonable market rate for alternative disposal. No increases to the maximum rates are necessary to implement this recommendation.

Calabasas Landfill

The District No. 2 Board of Directors, on November 16, 2005, approved changes to the agreements between the County of Los Angeles and the Districts regarding the responsibilities of District No. 2 relating to the operation and administration of the Calabasas Landfill. Two key changes in the agreements pertained to the responsibility for rate setting and the time frame over which capital projects may be funded.

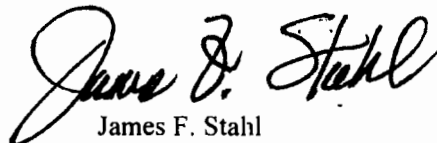
As previously reported, the Calabasas Landfill, which by County Ordinance has a wasteshed limited to a specific area in the southwest San Fernando Valley and southeast Ventura County, has been faced with significant capital expenditures to develop the remaining new operating areas of the landfill. These new areas are needed to allow continued landfilling operations, and are essential for the full utilization of the permitted capacity of the site. The projects to develop these areas include earthmoving operations and the installation of costly groundwater protection liner systems. The site will also require ongoing capital expenditures to expand the gas control system, provide drainage facilities, and construct other miscellaneous site projects necessary to support landfill operations.

One of the changes to the agreements addressed funding for the capital improvements necessary to utilize the site's full permitted capacity, so that the costs of the improvements are spread over the life of the landfill. The County, as owner of the site, has incurred bonded indebtedness, through the Los Angeles County Public Works Financing Authority, to pay for the necessary capital improvements at the landfill. Landfill revenue, in excess of operation and maintenance expenses, is pledged toward debt repayment. The County has the sole responsibility for the bonded indebtedness, even if a shortfall in landfill revenue occurs. Because of this, the County is now responsible for setting the tipping fees at the landfill, with the Districts to advise on the rates so as to generate sufficient revenue to pay for operation, maintenance, capital, and debt service. Current projections indicate that regular tipping fee increases will be necessary at the site to sustain its long-term economic viability.

The County's and Districts' staffs have conferred with respect to the rates necessary to support the operation, maintenance, capital expenditures, and debt service of the Calabasas Landfill. The Districts advised the County that the Municipal Solid and Inert Waste rate at the Calabasas Landfill should be increased from the current rate of \$31.17 per ton to \$33.38 per ton, effective on, or around January 1, 2007. The increase of \$2.21 per ton would be comprised of \$2.00 per ton for capital and operating expenses of the landfill, including debt service, \$0.20 per ton for the County's Business License Tax (10%), and \$0.01 per ton for an increase in the County Department of Health Services' Regulatory Service Fee. Related increases in the other rate categories were also advised. In addition to the basic rate increase, the County was advised that the rate for tires at the Calabasas Landfill should be increased by an additional \$4.40 per ton (which includes \$0.40 for the County's Business License tax) as part of the program to gradually offset increased operating costs for managing tires.

If you have any questions concerning the recommended rates shown on the attachment, please contact me or Mr. John Gullledge, Head, Financial Planning Department.

Very truly yours,

A handwritten signature in black ink, reading "James F. Stahl". The signature is fluid and cursive, with the first name "James" and last name "Stahl" clearly legible. Below the signature, the name "James F. Stahl" is printed in a standard font.

James F. Stahl

JFS:ew

Attachment

cc: City Managers/City Administrators

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
SOLID WASTE MANAGEMENT FACILITIES RATES

	<u>PRESENT RATE</u>	<u>RATE JANUARY 1, 2007</u>
<u>PUENTE HILLS LANDFILL (1)</u>		
Municipal Solid and Inert Waste	\$24.43 /ton	\$26.21 /ton
Hard-to-Handle, Bulky Items	31.58 /ton	33.36 /ton
Tires	60.73 /ton	66.91 /ton
Special Handling	46.43 /ton	48.21 /ton
Minimum Charge	23.25 per load	25.00 per load
Pull-Offs	27.50 each	27.50 each
Segregated Uncontaminated Green Waste	12.10 /ton	12.10 /ton
- Minimum Charge (Segregated Uncontaminated Green Waste)	12.10 per load	12.10 per load
<u>PUENTE HILLS MATERIALS RECOVERY FACILITY (1)</u>		
Municipal Solid and Inert Waste	\$24.43 /ton	\$26.21 /ton
Hard-to-Handle, Bulky Items	31.58 /ton	33.36 /ton
Minimum Charge	23.25 per load	25.00 per load
<u>SOUTH GATE TRANSFER STATION (1)</u>		
Municipal Solid and Inert Waste	\$36.55 /ton	\$38.33 /ton
Hard-to-Handle, Bulky Items	43.05 /ton	44.83 /ton
Minimum Charge	23.75 per load	25.50 per load
<u>DOWNEY AREA RECYCLING AND TRANSFER FACILITY (1)</u>		
Municipal Solid and Inert Waste	\$40.32 /ton	\$42.10 /ton
Hard-to-Handle, Bulky Items	46.82 /ton	48.60 /ton
Minimum Charge	23.75 per load	25.50 per load
Segregated Uncontaminated Green Waste	28.10 /ton	28.10 /ton
- Minimum Charge (Segregated Uncontaminated Green Waste)	14.05 per load	14.05 per load
<u>SCHOLL CANYON LANDFILL (2)</u>		
Municipal Solid and Inert Waste	\$33.77 /ton	\$36.93 /ton
Hard-to-Handle, Bulky Items	41.89 /ton	45.05 /ton
Tires	62.14 /ton	70.30 /ton
Special Handling	48.46 /ton	51.62 /ton
Minimum Charge	33.00 per load	36.25 per load
Pull-Offs	31.25 each	31.25 each
Segregated Uncontaminated Green Waste	13.75 /ton	13.75 /ton
- Minimum Charge (Segregated Uncontaminated Green Waste)	13.75 per load	13.75 per load
<u>CALABASAS LANDFILL (3)</u>		
Municipal Solid and Inert Waste	\$31.17 /ton	\$33.38 /ton
Hard-to-Handle, Bulky Items	38.32 /ton	40.53 /ton
Tires	59.77 /ton	66.38 /ton
Special Handling	44.92 /ton	47.13 /ton
Minimum Charge	29.50 per load	31.75 per load
Pull-Offs	27.50 each	27.50 each
Segregated Uncontaminated Green Waste	13.20 /ton	13.20 /ton
- Minimum Charge (Segregated Uncontaminated Green Waste)	13.20 per load	13.20 per load

Uncovered Loads Capable of Producing Litter: All sites except Scholl Canyon Landfill - \$4.40/ton surcharge; \$4.40 minimum
Scholl Canyon Landfill - \$5.00/ton surcharge; \$5.00 minimum

Non-manifested Tire Loads: All landfills except Scholl Canyon Landfill - \$4.40/ton surcharge; \$4.40 minimum
Scholl Canyon Landfill - \$5.00/ton surcharge; \$5.00 minimum

All rates include the appropriate following state, county and local fees and taxes (fees expressed on a per ton basis do not apply to green waste):

California Integrated Solid Waste Management Fee:	\$1.40 per ton
Los Angeles County Solid Waste Management Fee:	\$0.86 per ton
Los Angeles County Department of Health Services Regulatory Service Fee:	\$0.20 per ton

Los Angeles County Business License Tax (Unincorporated County Area only - Puente Hills and Calabasas Landfills):
10% of gross receipts excluding state and local fees and taxes

City of Glendale - Scholl Canyon Landfill Assessment (applies only at Scholl Canyon Landfill):
25% of gross receipts; vehicles owned and operated by the City of Glendale are exempt

Rates at the Southeast Resource Recovery Facility and the Commerce Refuse-to-Energy Facility are set as authorized in the Joint Powers Agreements that govern the facilities.

(1) Rates for these facilities will be effective on January 1, 2007, pursuant to the rate ordinance adopted on September 22, 2004.

(2) Rates for this facility are proposed to be effective on January 1, 2007, pursuant to the proposed rate ordinance.

(3) Rates for this facility are those discussed with the County of Los Angeles to be effective on, or around, January 1, 2007.

ANALYSIS

This ordinance amends Title 12 – Environmental Protection of the Los Angeles County Code by setting fee and charge rates for the Calabasas Landfill refuse disposal facility, effective as of January 1, 2007.

RAYMOND G. FORTNER, JR.
County Counsel

By



CAMMY C. DUPONT
Principal Deputy County Counsel
Government Services Division

CCD:pp

Requested 10/23/06
Revised 10/24/06

ORDINANCE NO.

An ordinance amending Title 12 – Environmental Protection of the Los Angeles County Code, setting fee and charge rates for the Calabasas Landfill refuse disposal facility.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 12.48.050 is hereby added to read as follows:

12.48.050 Fee and Charge Rates.

Effective January 1, 2007, the following fee and charge rates will be prescribed for waste disposal at the Calabasas Landfill:

A. Types of Waste:

<u>Types of Waste:</u>	<u>Rates:</u>
Municipal Solid and Inert Waste	\$33.38/ton
Hard to Handle Bulky Items	\$40.53/ton
Tires	\$66.38/ton
Special Handling	\$47.13/ton
Minimum Charge	\$31.75 per load
Pull-Offs	\$27.50 each

B. A surcharge of \$4.40/ton, subject to a minimum charge of \$4.40, will be charged with respect to all uncovered loads capable of producing litter.

C. A surcharge of \$4.40/ton, subject to a minimum charge of \$4.40, will be charged with respect to all non-manifested tire loads.